

INFORMATIONAL HEARING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	
)	
Application for Certification)	Docket No.
for Duke Energy Avenal LLC)	01-AFC-20
<hr/>)	

CITY OF AVENAL COMMUNITY CENTER
717 MONTERREY STREET
AVENAL, CALIFORNIA

MONDAY, JANUARY 28, 2002
5:00 p.m.

Reported by:
James Ramos
Contract No. 170-01-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

William Keese, Presiding Member

HEARING OFFICER, ADVISORS PRESENT

Cheryl Tompkin, Hearing Officer

Terry O'Brien, Advisor to Chairman Keese

STAFF AND CONSULTANTS PRESENT

Lisa DeCarlo, Staff Counsel

Jim McKinney, Project Manager

Mary Dyas, Assistant Project Manager

William Walters, Consultant
Aspen Environmental Group

PUBLIC ADVISER

Roberta Mendonca

APPLICANT

Jane E. Luckhardt, Attorney
Downey, Brand, Seymour and Rohwer

Robert E. Cochran, II, Project Manager
Mark A. Seedall, Director
Jane A. Pearson, Assistant General Counsel
Barbara Brenner, Attorney
James R. Vigor, Regional Director
Wayne J. Hoffman, Regional Environmental Manager
Joe Otahal, Generation
Patrick Mullen, Regional Public Affairs Manager
Cathy Novak, Regional Public Affairs
Duke Energy North America

Theodore Muallem, Project Manager
Duke/Fluor Daniel

Eric G. Walther, Vice President
Joseph L. Stenger, Regional Manager
TRC

INTERVENORS

Sky C. Stanfield, Legal Assistant
Adams, Broadwell, Joseph and Cardozo
representing California Unions for Reliable
Energy

ALSO PRESENT

Ray Elliott, Mayor
Bill Woolley, Mayor Pro Tem
Melissa Whitten, City Manager
Jim Doughty, Director of Planning and Development
City of Avenal (see page 5)

George J. Misner, Assessor, Clerk-Recorder,
Elections
County of Kings

Cheryl Taylor, Publisher
Avenal Chimes

Arlene Santino
The Avenal Progress
Avenal Recreation Department

Norlene S. Chastine

Donna Curty

Darlene Stacey

Barbara A. Brenner, Attorney
Ellison, Schneider and Harris

Joseph Otahal, Manager
South Bay Power Plant LLC

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1 P R O C E E D I N G S

2 5:00 p.m.

3 PRESIDING MEMBER KEESE: Good evening.

4 This is an informational hearing conducted by a
5 Committee of the California Energy Commission on
6 the proposed Avenal Energy project.

7 I am William Keese, Chairman of the
8 Commission, and the Presiding Member of this
9 Committee. Michal Moore, the Associate Member of
10 this Committee, was not able to join us this
11 evening.

12 On the dais with me this evening is my
13 Advisor, Terry O'Brien to my left; and on my right
14 our Hearing Officer Cheryl Tompkin.

15 James Ramos is our reporter over here,
16 and I note that he has a number of cards in front
17 of him. So a number of the people know the ritual
18 here. We would appreciate it, and he would
19 clearly appreciate it if you do come up to
20 testify, if you can give him a card for the
21 record.

22 Duke Energy Avenal LLC filed an
23 application with the Energy Commission to obtain a
24 license for the proposed Avenal Energy project in
25 Kings County. The purpose of this hearing is to

1 discuss the Commission's licensing process, and to
2 identify issues of concern related to the project
3 development.

4 Before we begin I'm going to ask the
5 parties to please introduce their representatives.
6 We'll start with the applicant, Ms. Luckhardt,
7 would you introduce the representatives of Duke.

8 MS. LUCKHARDT: Hi, my name is Jane
9 Luckhardt. I'm from the lawfirm of Downey, Brand,
10 Seymour and Rohwer. I'm representing Duke Energy
11 Avenal in this proceeding. And with me is Robert
12 Cochran, who will be introducing a number of other
13 folks here today.

14 MR. COCHRAN: Yes, good evening. I'm
15 Robert Cochran, Project Manager for the Avenal
16 Energy project. With us tonight we have Mark
17 Seedall, Director of Business Development; Wayne
18 Hoffman, Duke Energy's Environmental Manager;
19 Randy Vigor, Construction Manager, who's very far
20 along with the construction of Moss Landing.

21 Ted Muallem from Duke/Fluor Daniel, our
22 engineering and procurement and construction
23 contractor/partner. Barbara Brenner, counsel on
24 water matters. Jane Pearson, Duke counsel from
25 Houston. Joe Stenger, from TRC, our Environmental

1 Manager for the project; Eric Walther from TRC,
2 who's working with us on public health, worker
3 safety, hazardous materials and waster manager.
4 We also have Joe Otahal from Duke Energy
5 Generation Service, an engineer in that group.

6 And we have Pat Mullen and Cathy Novak
7 from our Public Affairs and Media Relations folks.

8 PRESIDING MEMBER KEESE: Thank you.
9 Staff, Lisa.

10 MS. DeCARLO: Thank you. My name is
11 Lisa DeCarlo; I'm Staff Counsel for the Energy
12 Commission. And to my right is Jim McKinney who
13 is the Project Manager. And he will be
14 introducing the staff that we have present today.

15 MR. McKINNEY: To my far left is Mary
16 Dyas, Assistant Project Manager. And if I could
17 just have technical staff seated here just raise
18 their hands so people know. Great, thank you.

19 PRESIDING MEMBER KEESE: Staff is not
20 out-gunned or out-staffed. On behalf of the
21 intervenors, CURE, is Mr. Wolfe here?

22 MS. STANFIELD: I'm Sky Stanfield --

23 PRESIDING MEMBER KEESE: We'll need you
24 to go to a microphone for the record here.

25 MS. STANFIELD: Hi. I'm Sky Stanfield,

1 her for the California Unions for Reliable Energy.

2 PRESIDING MEMBER KEESE: Thank you.

3 Agencies. Let's start with the San Joaquin Valley
4 Unified Air Pollution Control District. Do we
5 have a representative of the District?

6 California Air Resources Board?

7 Well, Jim Doughty, Director of Planning
8 and Development for the City of Avenal?

9 MR. DOUGHTY: Jim Doughty; I'm Director
10 of Planning and Development for the City of
11 Avenal.

12 PRESIDING MEMBER KEESE: Thank you. I
13 see you have -- is there anybody else you'd like
14 to introduce from the City of Avenal at this time?

15 MR. DOUGHTY: Mayor Elliott is right
16 here; he would like to speak also, when the time
17 comes.

18 And then Mayor Pro Tem Woolley is right
19 back here. Councilman Harley Casset is here, and
20 I think Councilman Craighead is right there. Jim,
21 the Planning Commission Chairman is here. And
22 let's see, the City Manager is right in the front
23 seat. Darlene Stacey is here from the City, she's
24 on several committees.

25 Both newspapers are here. We have

1 Cheryl Taylor and Arlene and Joe Santino are here
2 from the -- they're from the other newspaper.

3 Our City Engineer representing Summers
4 Engineering, Brian Skaggs is here. And let's
5 see --

6 PRESIDING MEMBER KEESE: All right.

7 MR. DOUGHTY: Oh, and then we have
8 someone from The Fresno Bee here, which I haven't
9 met them yet. There we go.

10 PRESIDING MEMBER KEESE: Thank you. Do
11 we have anybody from the Kings County Planning
12 Department?

13 MS. MISNER: I'm George Misner; I'm the
14 Kings County Assessor/Clerk/Recorder. I believe
15 I'm the only here from the County tonight.

16 PRESIDING MEMBER KEESE: Thank you. And
17 then from the California Independent System
18 Operator? No one, thank you.

19 At this time I'll entertain
20 introductions by members of the public. The
21 members of the public will be able to comment
22 later, whether you introduce yourself or not. If
23 there's any member of the public that particularly
24 cares to introduce themselves on behalf of
25 themselves or a community organization, this is

1 the time to do that. This does not preclude you
2 commenting later, but we'd welcome your
3 identifying yourself for the record at this time,
4 if you'd like.

5 MS. SANTINO: I'm Arlene Santino. I'm
6 with The Progress, but I'm also a representative
7 of the Recreation Department here in Avenal.

8 PRESIDING MEMBER KEESE: Thank you. And
9 I believe that -- anybody else here? And then we
10 did identify your media representatives.

11 Our Public Adviser is Roberta Mendonca,
12 who has the microphone here, and will explain
13 Roberta's role as Public Adviser in a few minutes.

14 Elected officials, and I think at this
15 time, Mayor, is there anything you'd care to say
16 about this project?

17 MAYOR ELLIOTT: I'd like to take this
18 opportunity to welcome all of you to the City of
19 Avenal. And I'm sure that other than the ones
20 that live here, the rest of you probably is your
21 first time to be here. And we certainly did
22 provide nice weather for you today. I hope you
23 all really recognize that, --

24 (Laughter.)

25 MAYOR ELLIOTT: -- because sometimes we

1 can have a little fog and then other times we have
2 some rain. And we need more rain, by the way.

3 But I would like to welcome all of you
4 here. We're very excited about this project. The
5 tour we had this afternoon was beautiful. You
6 didn't see anything because there's nothing there
7 to see. So obviously there's not going to be any
8 complaints from anyone.

9 (Laughter.)

10 MAYOR ELLIOTT: It's a long ways to any
11 houses, and it's a long ways to get to it from any
12 other towns, other than Avenal. So, we're looking
13 forward to this project, and we hope the sooner it
14 gets started the better we're going to like it.

15 So, again, I want to thank all of you
16 for being here. And on behalf of the Avenal City
17 and the City Council and Staff, it's just a
18 wonderful thing to have Duke Energy in our
19 backyard. Thank you.

20 PRESIDING MEMBER KEESE: Thank you,
21 Mayor.

22 (Applause.)

23 PRESIDING MEMBER KEESE: Any other
24 elected officials care to make a comment at this
25 time?

1 MAYOR PRO TEM WOOLLEY: Bill Woolley,
2 Mayor Pro Tem of the City of Avenal. Also
3 Chairman of the Kings County Association of
4 Governments.

5 And I would like to just again -- I've
6 been to Sacramento a couple times and expressed my
7 support. And believe that throughout the County
8 you'll find that there's a lot of support for this
9 project. And we're certainly happy that a company
10 of Duke's stature took a look at Avenal and saw
11 some things here that they liked.

12 And we're excited about having them come
13 to Avenal, and we believe that it's going to be
14 the first of some good things that are going to
15 happen down the road in the next couple, three
16 years.

17 Thank you.

18 PRESIDING MEMBER KEESE: Thank you.
19 Last chance.

20 All right, at this point I will turn the
21 hearing over to our Hearing Officer, Ms. Tompkin.

22 HEARING OFFICER TOMPKIN: Thank you,
23 Chairman Keese.

24 At this point I'd like to give you a
25 little bit of background. The Commission accepted

1 the application for the Avenal Energy project as
2 adequately filed on December 19, 2001.

3 The Avenal Energy project is a nominal
4 600 megawatt, combined cycle generating plant that
5 will be operational by September 2004.

6 Earlier today we toured the surrounding
7 community and the proposed site as previously
8 scheduled in the notice of this hearing. The
9 notice was mailed on January 11, 2002, to all
10 parties, adjoining landowners, interested
11 governmental agencies and other individuals.

12 In addition, notice of the hearing was
13 published in The Hanford Recorder on January 23,
14 2002; and will be published in The Avenal Progress
15 and The Coalinga Record.

16 This informational hearing is the first
17 in a series of Commission events that will extend
18 over approximately the next 12 months. At the end
19 of the review period the Commissioners will issue
20 a proposed decision containing their
21 recommendations on the project.

22 It is important to note that by law the
23 recommendations in the proposed decision must be
24 based solely on the evidence contained in the
25 public record.

1 To insure that this happens, and to
2 preserve the integrity of the licensing process,
3 the Commission's regulations expressly prohibit
4 private contacts between the parties and the
5 Committee Members. This prohibition against
6 private communications between the parties and the
7 Committee is known as the ex parte rule.

8 This means that all contacts between the
9 parties and the Members of the Committee, or
10 myself, as the Hearing Officer, regarding a
11 substantive matter must occur in the context of a
12 public discussion such as today's event, or in the
13 form of a written communication that is provided
14 to all parties.

15 The ex parte rule insures full
16 disclosure to all participants of any information
17 that may be used as a basis for the decision on
18 this project.

19 Additional opportunities for the parties
20 and governmental agencies to discuss substantive
21 issues with the public will occur in public
22 workshops to be held by the Commission Staff here
23 in Avenal.

24 Information regarding other
25 communications between the parties and

1 governmental agencies is contained in written
2 reports or letters that summarize such
3 communications. These reports are distributed to
4 the parties and made available to the public.

5 Information regarding hearing dates and
6 other events in this proceeding will be available
7 on the Commission's website. That website address
8 is www.energy.ca.gov. If you have trouble
9 remembering it, you can obtain it from the Public
10 Adviser.

11 Now, the application process is a public
12 proceeding in which members of the public are
13 encouraged to actively participate and express
14 their views on matters relevant to the proposed
15 project.

16 The Committee is interested in hearing
17 from the community on any aspect of this project.
18 Members of the public may also intervene in the
19 proceeding. If there are potential intervenors,
20 we encourage you to file your petitions to
21 intervene soon to allow for full participation.

22 At this time we'll ask the Public
23 Adviser to explain the intervention process, and
24 to provide an update on her contacts with local
25 residents regarding this proceeding.

1 MS. MENDONCA: Good evening; my name is
2 Roberta Mendonca and I'm the Energy Commission's
3 Public Adviser.

4 You've had an opportunity to have an
5 overview of the people at the front of the room.
6 And you'll notice I'm not sitting with the
7 applicant, I'm not sitting with the decision-
8 makers, the Commissioners, and I'm not sitting
9 with the staff.

10 And that's mainly because the job of the
11 Public Adviser is to facilitate the public's
12 ability to participate in the process. So my role
13 is to be your eyes and ears to get you in touch
14 with the people that you want to talk with, and to
15 best explain to you your opportunities for public
16 participation.

17 So, that's my name, Roberta Mendonca.
18 Don't worry about the Mendonca, if you get the
19 Roberta will be fine.

20 One of the things about an application
21 for certification, which is the request that Duke
22 Energy has filed with the Energy Commission, is
23 it's a very large document. For those of you that
24 want to understand that document, it is available
25 in your local community at three local libraries.

1 One library here in Avenal is the Kings
2 County Branch Library. There's a copy of the
3 application for certification in the Kettleman
4 City Branch Library over in Kettleman City. And
5 also a copy in Hanford at the Kings County Library
6 in Hanford.

7 The Energy Commission Library also has a
8 copy of the application for certification. And my
9 office can assist you in getting a loaner should
10 you decide you'd like to borrow one for a period
11 of time.

12 The Hearing Officer mentioned our
13 website, so here's a chance to look at it again.
14 You can get information and documents that will
15 continually be filed in this case in the Energy
16 Commission at our website in the section called
17 dockets.

18 You can also contact the docket unit, or
19 you can contact my office, and we can help you get
20 copies of things that are filed in the case.

21 The Energy Commission website for this
22 case is www.energy.ca.gov/siting cases, that's
23 with an "s" on the end, with another backslash for
24 Avenal. The docket unit address, again, contact
25 my office and we'll help you get through to the

1 docket unit.

2 One of the hallmarks that was explained
3 about the ex parte rule is that all of the Energy
4 Commission business is conducted in publicly
5 noticed meetings. At the back of the room we have
6 a sign-in sheet. If you would like to be noticed,
7 and you did not already get a notice for this
8 meeting, you could sign up on our sign-in sheet.
9 We will take those names and addresses and add
10 those to the mail list.

11 Also available, if you don't want to do
12 the regular mail, is there is a list server
13 facility that will give you automated email
14 reminder that you can download a notice.

15 The public is welcome to come and
16 discuss your ideas about this project at our
17 publicly noticed meetings. This evening we use a
18 little blue card, and they're available at the
19 back of the room. I'll walk around, if anybody
20 else would like to make a comment, we ask that you
21 fill out your name and give us a little bit about
22 what you might want to say. That way the meeting
23 can be run in an orderly way when it comes time to
24 public comment.

25 One of the things that is a little bit

1 different is that when the Commissioners, who are
2 the decision-makers, have their meetings, usually
3 their meetings are called Committee hearings or
4 Committee meetings. And they do the formal
5 evidence taking, evidentiary hearings.

6 When the staff has their meetings
7 they're usually called workshops. And the big
8 difference is that the workshops are often very
9 informal, rolled-up sleeves, sit down and let's
10 talk about things; whereas, tonight's meeting, and
11 most Commissioner-attended meetings are more
12 formal. They're transcribed, and are run slightly
13 more formally.

14 Again, the Public Adviser will be glad
15 to help you with any questions about either format
16 or how to participate in either kind of meeting.

17 You've heard the term come up
18 intervention, so let me explain. You're here
19 tonight as informal participants, and you're
20 welcome to offer your comment, to submit anything
21 to the record in writing. And that is how you
22 participate informally.

23 The Energy Commission also offers to
24 those of you that might want to be more formally
25 involved, the path of intervention. Intervenors

1 become formal parties.

2 To become an intervenor you have to file
3 a petition which is a way of asking for that
4 status.

5 The criteria for intervention is usually
6 those people that have an interest in the case.
7 So you don't have to have a big stake in the case,
8 but rather just be interested. You might live in
9 the community, you might have a health interest,
10 you might have some reason that inspires you to
11 want to become a party to the case.

12 The best time to intervene, as was
13 mentioned earlier, is early. They don't go
14 backwards. If you decide at the very moment
15 before the deadline, they're not going to roll
16 back a case to take care of your concerns. So as
17 the case progresses you need to be involved, and
18 the best time to intervene is early.

19 I'd like to go on and give you some of
20 the ideas about the responsibilities of
21 intervenors. This is a snapshot of a petition to
22 intervene, and it's too small to read and you'll
23 never get the basis of it from what you see. But
24 the whole idea of showing you this is that it's
25 not a complicated voluminous document. It's a

1 simple, one-page process. And, again, my office
2 will be glad to help you with that.

3 It's an open public process and my
4 office can help you get any of the documents. But
5 some of the specific benefits of being an
6 intervenor are that you do get all of the filings
7 in the case; you do get your own copy of the
8 application for certification; you can fully
9 participate in the exchange of information during
10 the discovery phase, meaning that you can ask
11 specific written questions and get answers to your
12 written questions.

13 You also can participate in the formal
14 taking of the evidence by presenting your own
15 evidence, and by cross-examining witnesses.

16 The role of intervenor is not without
17 responsibilities, however. You must, if you
18 intervene, also participate at the same level as
19 the other parties, meaning that you must respond
20 to questions asked of you. You must file your
21 documents. You must complete a proof of service.
22 And, once again, my office will be glad to assist
23 you in that process.

24 This is kind of my wrap-up. My name
25 again. How to reach me in Sacramento. I have an

1 800 number which is 1-800-822-6228. I have an
2 email, pao stands for Public Adviser's Office, and
3 I'm at energy.state.ca.us.

4 And once again it's a pleasure to be
5 here this evening. I appreciate the good weather.
6 It was snowing in Davis when I left, and so today
7 was very delightful. Thank you very much.

8 HEARING OFFICER TOMPKIN: Thank you,
9 Roberta.

10 At this time we will have presentations
11 by the parties. First, the applicant, Duke Avenal
12 Energy LLC will describe the proposed project, and
13 explain plans for developing the project site.

14 Then Commission Staff will provide an
15 overview of the Commission's licensing process,
16 and its role as an independent party in reviewing
17 the proposed project.

18 After these presentations are concluded,
19 we will hear comments from interested agencies,
20 and from intervenors and members of the public.
21 The public may also offer comments and ask
22 questions.

23 Following public comment we will discuss
24 scheduling and other matters addressed in the
25 staff's issue identification report.

1 We will also provide time for the
2 parties or members of the public to ask questions
3 regarding scheduling and the issue identification
4 report.

5 At this point, are there any questions
6 about this proceeding?

7 Seeing none, I'm going to ask the
8 applicant to now begin its presentation.

9 MR. COCHRAN: Yes, good evening. Once
10 again, I'm Robert Cochran, Project Manager for
11 Avenal Energy. And I'd like to thank the
12 Commissioner and staff for being here this
13 evening, as well as the City of Avenal, Kings
14 County, Mr. and Mrs. Kochergen from Kochergen
15 Farms, whose lovely site we went out and visited
16 this afternoon on the bus, Mr. Jim Nickel and
17 KCWA, Kern County Water Association, for working
18 with us. And members of the public who came out
19 tonight.

20 Duke Energy, we feel, is generating
21 solutions for California. Duke Energy operates
22 about 5 percent of California's electric
23 generating capacity today. We have the Moss
24 Landing, Morro Bay, South Bay Power Plant, Chula
25 Vista and the power plant in Oakland that supplies

1 peaking energy.

2 We employ about 260 Californians to
3 operate these facilities. And we enjoy a superb
4 relationship with Duke/Fluor Daniel, our
5 engineering, procurement and construction
6 contractor. Ted Muallem from the Aliso Viejo
7 office in California is here tonight.

8 Avenal's project objectives are to
9 provide environmentally sound, efficient and
10 reliable power generation. We've selected a site
11 location that has nearby infrastructure for
12 connection for electricity, natural gas and water.

13 And we believe that we're developing a
14 site consistent with community planning and
15 existing zoning at a location that's supported by
16 the local community. And that our project will
17 minimize impacts to environmental resources.

18 We're proposing a 600 megawatt combined
19 cycle power plant on a 148-acre parcel. The power
20 block and related facilities will use about 25
21 acres. We use a little bit more than that during
22 construction, but then once construction is
23 completed, the extra land left over will be leased
24 back to Mr. Kochergen to continue farming
25 operations on a good portion of that.

1 We'll have about a 7000 foot electric
2 transmission right-of-way kind of coming from the
3 site and following the line over and connecting
4 into the 230 kV system.

5 We're about five miles from PG&E's 230
6 kV, 500 kV Gates substation, so Avenal will
7 actually construct a substation at Avenal which
8 will be kind of an intermediate loop between --
9 and Gates.

10 We also, during the bus trip, went to
11 the Kettleman compressor station; a little bit
12 hard to see on this slide. But we'll have an
13 approximately two-mile pipeline following Plymouth
14 Avenue, up Avenal Cutoff Road, and then over into
15 the site.

16 And then we intend to take our water
17 supply from the City of Avenal turnout from the
18 San Luis Canal.

19 Here you can see just a little bit
20 better from the Kettleman compressor station,
21 coming over Plymouth Avenue to Avenal Cutoff Road,
22 and then up to the site, the gas connection.
23 We'll be using fairly high pressure gas, 450
24 pounds. That's not as high as some of the gases
25 transmitted, but in comparison gas supply to your

1 residence is usually about 7 inches of water, so
2 by that, that's fairly high pressure.

3 We also plan to have mechanical draught
4 cooling tower, which will make Avenal Energy one
5 of the more efficient plants in the state. And
6 we'll also use inland chillers to enhance
7 efficiency by cooling down the ambient air that
8 comes into the combustion turbines.

9 Project features and benefits. The
10 project is consistent with the City of Avenal land
11 use plans and zoning. It will be located away
12 from the urban areas, and surrounded by
13 industrial, agricultural lands.

14 We'll be bringing construction jobs,
15 approximately 420 jobs at peak, with focus on
16 local hiring and then a permanent workforce of
17 management and skilled technical positions. That
18 will be about 30 people.

19 And we believe that this project will
20 provide some diversification of the existing
21 agricultural based economy within the City of
22 Avenal and Kings County.

23 Socioeconomic benefits of the project
24 will be an annual property tax of approximately
25 \$3,250,000. Construction payroll estimated at

1 almost \$70 million. An annual operations payroll,
2 once we get the project in service, a little over
3 \$2 million a year.

4 Sales tax from construction, from
5 locally purchased materials and supplies is
6 estimated conservatively at \$105,000. And then
7 annual sales tax during operation and maintenance
8 of the facility is estimated to be about \$140,000.
9 And then, of course, the gas franchise fee, which
10 will be based on volume of pricing of the gas fuel
11 at the time.

12 Duke Avenal is going to use two GE 7FA
13 combustion turbines with GE steam turbine. We
14 bring air in past the chillers into the air in the
15 plenum, and into the compressor section, where the
16 air is compressed.

17 We bring natural gas into the combustion
18 turbine. Mix it with the air. Combust the fuel.
19 And then expand it through this portion of the
20 combustion turbine, which drives this generator
21 and generates electricity.

22 We'll get about 170 megawatts out of
23 each of these two generators driven by the
24 combustion turbines.

25 Then heat that would otherwise go up the

1 stack, two 145-foot-tall stacks on the site, will
2 be transferred in the heat recovery steam
3 generator and generate steam to drive the third
4 turbine, a steam turbine, which is also coupled to
5 an electric generator. So essentially using waste
6 heat to drive this third turbine. We'll get a
7 total of about 600 megawatts out of the site.

8 The turbine exhaust is then exhausted to
9 a condenser. That steam is very high purity.
10 It's condensed and reused back in the cycle over
11 and over again. The heat transfer medium that
12 will condense the steam is to the mechanical
13 draught cooling tower. And we'll cycle the water
14 through there, and use it over again as much as
15 the concentrations will allow for.

16 We also propose a zero liquid discharge
17 facility with this cooling tower to once again
18 recycle the water and use it over again. It will
19 make up about 10 percent of the makeup water
20 requirements for the project.

21 The annual average water consumption
22 requirements, raw water for the cooling tower
23 makeup is about 2149 acrefeet per year. Raw water
24 to the auxiliary cooling tower makeup, which helps
25 cool the chillers for the inland air, is about 80

1 acrefeet per year. Raw water to the surface
2 system is about 14 acrefeet per year.

3 We intend to get our potable water
4 directly from the City of Avenal's water treatment
5 system. For a total plant water usage requirement
6 of 2246 acrefeet per year.

7 Our water sources from Kern County Water
8 Agency, the Nickel Family, a local service supply
9 delivery via San Luis Canal. We have a firm
10 entitlement of 2250 acrefeet per year.

11 We will also have a 2 million gallon raw
12 water storage tank on site that will meet short-
13 term requirements if there's problems with the
14 water forwarding system or degradation of water
15 quality for a short period of time. That will
16 take us for about nine hours of operation on the
17 site.

18 And then lastly we have Kochergen Farms
19 groundwater, from the wells I pointed out on our
20 bus trip today, as a backup water supply which
21 provides some security and diversity.

22 Once again in the water resources design
23 features, it's designed with a zero liquid
24 discharge facility that purifies and recycles the
25 process flowdown. With a zero liquid discharge

1 facility there's no wastewater discharge from the
2 generating process. We'll have no in-ground ponds
3 or anything. Everything is built above-ground.

4 And recycling, the water purified from
5 flowdown using the zero liquid discharge facility
6 will reduce water consumption by about 10 percent
7 because it will be run back into the system.

8 Air quality. The project design will
9 meet best available control technology
10 requirements, and Avenal Energy will provide
11 emissions offsets for the project.

12 On our schedule, as you can see, we took
13 awhile to prepare our AFC. We started with our
14 spring biology surveys; traffic counts;
15 paleontology; cultural resource surveys; and a lot
16 of work in the technical preparation of the AFC.
17 Filed it, and as mentioned earlier, we were deemed
18 data adequate on December 19th.

19 We're now in the permitting phase, which
20 we hope to keep on schedule for a 12-month permit
21 cycle, so that it will enable us to break ground
22 early in '03. We have about 18, 19 months of
23 construction. And shooting for commercial
24 operation September '04.

25 This is kind of looking back over the

1 canal. It's a little bit further north than we
2 were on the bus trip today. You can kind of see
3 the plant nestled back in here on the site
4 property, looking across the canal.

5 In summary, Avenal Energy takes
6 advantage of nearby infrastructure in its design;
7 and makes efficient use of resources generating
8 electricity. And we believe we'll be a welcome
9 neighbor in the Kings County and the Avenal
10 community.

11 At this time I'd like to introduce Joe
12 Stenger from TRC. He's the Environmental Manager
13 and led all of the environmental review. And
14 he'll cover the few remaining environmental
15 topics.

16 MR. STENGER: Good evening. My name is
17 Joe Stenger. I'm with TRC, and TRC is an
18 independent environmental consulting firm that has
19 been part of the team, helping Duke put together
20 portions of the application. And in particular
21 the environmental background for the site, as well
22 as assessing the potential changes to the
23 environment that might be expected to result from
24 implementation of the Avenal Energy project.

25 I also would like to thank the

1 Commissioner, the Commission Staff and everybody
2 here in the room for taking the time and the
3 interest to be here tonight. And as Bob
4 mentioned, I'm going to provide an outline of some
5 of the key aspects of environmental parameters
6 that he has not already discussed.

7 Bob did already mention a few of the
8 items, such as water use and water conservation,
9 some of the air quality protection measures,
10 socioeconomic benefits and things of that nature.
11 And I will just provide a brief presentation of
12 some of the remaining topics.

13 Really I think that a key aspect of this
14 site is the site selection. And Duke has done a
15 good job in finding a site that is, in my opinion,
16 fairly unusual in that the site selection, itself,
17 really helps to minimize the environmental
18 impacts; and in fact, in a number of resource
19 areas it eliminates the environmental impacts.

20 TRC has been doing environmental
21 assessments for project developments for more than
22 two decades, and in my experience this is really
23 one of the best sites that we have seen. And in
24 our opinion is one of the best locations in
25 California for a new power plant.

1 Those that were on the tour today got an
2 opportunity to see some of the reasons why that is
3 the case. And some of the items I'm going to
4 outline in the following slides here will back
5 that up further.

6 The geology of the site is relatively
7 simple. You've got marine and terrestrial
8 sediments that form the bedrock in the Kettleman
9 Hills that basically just dip down below the San
10 Joaquin Valley. And there's a deep alluvial fill
11 over them. The geology is very simple and there
12 really are no geologic issues for power plant
13 development.

14 The soils are thick and sandy. Don't
15 have issues such as expanding soils or
16 differential settlement or anything like that.
17 Basically the geotechnical conditions from what
18 we've seen look like they should easily
19 accommodate the facility with the standard
20 engineering measures.

21 The slope is, as you saw out there, it's
22 gently sloping. It's got enough of a slope to
23 take care of drainage so that you won't have
24 flooding issues out at the site. But it's not
25 steep enough so that there would be any specific

1 concerns with slope stability or any sort of mass
2 movement.

3 Faulting and seismicity. The closest
4 surface fault is the San Andreas Fault, which is
5 about 40 kilometers to the west of the site in the
6 Coast Ranges. There's also one other fault system
7 that will be considered in the site engineering,
8 which is a fault system that lies deep below the
9 western side of the San Joaquin Valley. It does
10 not intersect the surface at any point. So has no
11 potential for any surface offset issues. And the
12 site will be designed in accordance with Uniform
13 Building Code standards to withstand any ground
14 shaking that could occur from the fault systems
15 that do occur in the region.

16 Agriculture and soils and land use.
17 I've put these together onto one slide because
18 they're really very much related at this site.
19 The location of the site, again, really minimizes
20 land use conflicts. The project site is located
21 entirely within the parcel of Kochergen Farms,
22 aside from a short segment of the gasline where it
23 will tie into the Kettleman compressor station,
24 which will run along -- the selected route for
25 that is to run along City right-of-ways on Avenal

1 Cutoff Road and Plymouth Avenue.

2 So, as far as the zoning goes, this is
3 all zoned agriculture in here -- excuse me, it's
4 used for agriculture, but it is zoned for
5 industrial. It's been zoned that way since the
6 general plan in 1992.

7 And the site, the entire site area is
8 physically separated from the City of Avenal by
9 the Kettleman Hills, which occur over here to the
10 southwest. We drove over those to get over to the
11 site today.

12 The project has been designed in
13 consultation with Kochergen Farms. John Kochergen
14 and his wife are here in the audience this
15 morning. And Duke worked with them to determine
16 the best places to put the linear features, the
17 electrical transmission line tie-in and the water
18 lines and the site facilities so that the
19 interference to agricultural operations will be
20 very minor.

21 And once construction of the site is
22 completed, Kochergen Farms will be able to go back
23 in and farm most of the site, so that the actual
24 facility, itself, will sit on a fairly small
25 parcel.

1 With regards to biology, this is another
2 example of where site selection has really
3 minimized the impact. The site and the
4 surrounding area has been intensively disturbed
5 for decades. We have had site-specific and
6 regional biology studies conducted out there. And
7 the biologists found that there was no natural
8 vegetation, no natural habitat in the project
9 vicinity. No threatened or endangered species are
10 known to occur on the site.

11 And Duke has been talking with the U.S.
12 Fish and Wildlife Service since early in the
13 project planning stage, and Fish and Wildlife has
14 suggested that they provide for some land
15 dedication elsewhere in the valley area because of
16 the project's proximity to the canal, and the
17 canal may provide a travel corridor for the kit
18 fox. So the Service has suggested a land
19 dedication and that has been incorporated into the
20 application for certification.

21 With regard to both cultural resources
22 and paleontology, the site has no issues at all.
23 The site specific studies have been completed.
24 There is no indication of important cultural or
25 paleontological resources on the site. There

1 really are just no issues related to cultural
2 resources or paleontology.

3 Traffic and transportation. The site,
4 again, has the advantage of being in a rural area,
5 sparsely populated and generally low traffic
6 levels throughout most of the day. It's got
7 excellent access via interstate 5 and Avenal
8 Cutoff Road.

9 And we had a traffic engineering firm
10 conduct a project-specific traffic analyses for
11 both construction and operations phases of the
12 project. They did extensive traffic counts along
13 road segments and intersections throughout the
14 area where project-related traffic will go. And
15 they have concluded that there will be no
16 significant traffic issues, no significant level
17 of service issues.

18 With regard to noise control, as you saw
19 out there, there are very few receptors out there
20 that would be able to hear any effects of the
21 project because of the remote location. The
22 project will use combined cycle technology. It
23 will be designed to operate at relatively low
24 noise levels.

25 And, again, project-specific analyses

1 have been conducted by experts in the noise field,
2 and they have determined that the noise from the
3 project would be within all applicable standards.

4 Visual resources. The site is not
5 visible from any populated area. It really lies
6 at a lower elevation than interstate 5, which is
7 the most commonly traveled corridor in there and
8 probably the most potential for anybody to even
9 see the area. And it's low enough below
10 interstate 5 so that it wouldn't have any
11 interruption to the horizon or, you know, I think
12 most people that pass by the project are probably
13 not going to notice it from that distance. It's
14 about two miles away.

15 The developed area of Avenal is on the
16 other side of the Kettleman Hills. There would be
17 no opportunity to view the project from the
18 developed area of Avenal.

19 Duke did develop a landscaping plan to
20 blend with the surrounding agricultural area.
21 They've incorporated some row crops, some trees
22 for screening at strategic areas, as well as
23 placement of the facility that's been designed to
24 minimize the impact. And the facilities would be
25 painted with nonreflective earth tone type paints

1 that would basically blend with the surrounding
2 agricultural area.

3 The landscaping plan was designed in
4 consultation with the City. And some view
5 corridors, as they've been termed, have been
6 incorporated so that there actually are
7 intentionally some areas where you would be able
8 to catch glimpses of the site in those view
9 corridors. Okay, there's a view corridor; here's
10 a view corridor.

11 So, moving on, waste management,
12 hazardous materials, worker safety and public
13 safety, these are all topics that we have put
14 together here on this slide. And there is an
15 array of laws and regulations that a power plant
16 of this type would need to comply with to assure
17 effective waste management and public safety.

18 The project will include minimizing
19 waste generation and recycling of those waste
20 streams wherever practical.

21 Training would be a big part of Duke's
22 program, to train the employees to do their job
23 safely and to follow the applicable procedures and
24 requirements related to these topics. And this
25 will be a brand new facility, so the entire

1 facility and equipment would be designed with
2 modern standards, modern technology for safety.

3 The power plant would be fueled with
4 clean burning natural gas, and it would include
5 state-of-the-art emissions controls to maintain
6 air quality within applicable air quality
7 standards.

8 And then in addition to all of these
9 items, again the remote location of the site being
10 far from residences and population centers really
11 provides for a buffer zone, if you will, to
12 provide increased public safety.

13 So, in conclusion, really through site
14 selection and some design measures, the project
15 can move forward with relatively minor impacts on
16 the environment.

17 And we look forward to working with the
18 staff, the agencies and the public as we move into
19 the discovery phase and move forward in the
20 permitting process.

21 We appreciate the opportunity that the
22 team has had to provide input to evaluate the
23 project. We'd like to thank the Commissioner and
24 staff, as well as the community, and everyone else
25 in the room here for the time and interest

1 tonight.

2 And the Duke Staff and a couple of us
3 here from TRC will be available later in the
4 evening if anybody has specific questions.

5 Thank you.

6 HEARING OFFICER TOMPKIN: Thank you, Mr.
7 Stenger. At this time we'll ask Commission Staff
8 to make its presentation regarding the licensing
9 process and its role.

10 (Pause.)

11 MR. McKINNEY: As you can see, we're so
12 independent here we're even using our own computer
13 for the presentation.

14 (Pause.)

15 MR. McKINNEY: Again, I'm Jim McKinney,
16 Project Manager for the Avenal siting case on
17 behalf of the California Energy Commission. And I
18 want to briefly describe the main parts of our
19 process as we go through the environmental and
20 engineering technical analysis of Duke Avenal's
21 proposal for this particular power plant.

22 This is essentially our mission
23 statement. This is from the Warren Alquist Act.
24 A couple of words I'd like to highlight here.
25 Says we work to insure a reliable supply of

1 electricity. And we strive to protect public
2 health and safety and environmental matters.

3 We have permitting authority for all
4 thermal units 50 megawatts and greater. And that
5 includes what we call ancillary facilities, so
6 water lines, transmission lines, natural gas
7 lines, and any wastewater lines that might be
8 needed, as well.

9 We are the lead agency for the purposes
10 of the California Environmental Quality Act. We
11 have conforming regulations that essentially make
12 us the independent lead agency for all thermal
13 units 50 megawatts and greater in California.

14 A federal agency called Western is the
15 lead agency on the federal side.

16 This is our three-step process. Before
17 I do that I just want to emphasize that there are
18 essentially three voices to the Energy Commission.
19 The Commissioners, represented by Chairman Keese
20 tonight, and his Advisor. And the Hearing
21 Officer, Cheryl Tompkin. They're the ones who
22 make the actual decisions.

23 Staff are the ones who do the
24 independent analysis of all the information
25 provided by the applicant, agencies and other

1 intervenors and members of the public.

2 According to the ex parte rule, we do
3 not have communication with our Commissioners
4 outside of any public noticed meetings.

5 And Roberta Mendonca, you met earlier,
6 is the facilitator between the Commission's
7 process and the public.

8 The first phase of this is what we call
9 data adequacy, so staff has been working on this
10 part since mid November when Duke filed their
11 application. We went through two rounds of data
12 adequacy. We are now satisfied that the
13 application has all the information needed for our
14 staff to begin their technical work.

15 We are now -- with the termination of
16 data adequacy, we are now moving on to analysis
17 and discovery. That started essentially this last
18 Friday when we issued our data requests.

19 The parts of that, the data requests
20 that we issued on Friday, I think we had 132
21 questions for Duke. And they're probably well
22 underway looking at those.

23 We'll have a series of workshops to
24 discuss the information in those. And the first
25 of the two major products that our staff produces

1 is called the preliminary staff assessment.

2 That's essentially a draft EIR. Followed by a
3 final staff assessment about a month later.

4 We then go to evidentiary hearings where
5 all parties will have an opportunity to present
6 evidence on the record on behalf, or so that the
7 Commission can make its decision.

8 One last thing about staff, we have
9 about 100 technical specialists and about 20
10 different engineering and environmental and
11 community disciplines at the Energy Commission.

12 So in this phase that we just started,
13 which we call discovery, one of the things we need
14 to do is make sure that it complies with all laws,
15 ordinances, regulations and standards. And if you
16 hang around us long enough we'll just start
17 calling them LORS. But that essentially means all
18 statutes and regulations issued at the local,
19 state and federal level by a variety of agencies.

20 As we get into the analysis we'll be
21 identifying issues. And I'll make a brief
22 statement about a couple of issues that we've
23 identified at the end of this.

24 We'll be looking at an alternatives
25 analysis where we will independently try to

1 identify alternatives to the proposed site that
2 may have all the functions and less environmental
3 impact than the site as currently described.

4 We will identify mitigation measures.
5 And then finally, recommend conditions for
6 certification.

7 As both Cheryl and Roberta have said, we
8 have a very very open public process. We strongly
9 encourage all interested parties and members of
10 the public to participate in our workshops and
11 hearings throughout the process for the next 12
12 months.

13 I've already mentioned our two main
14 staff products, and again those essentially
15 constitute our recommendations, as technical
16 staff, to the Commissioners.

17 Here's the schematic view of what I just
18 said. You can see there are a variety of inputs
19 into our process with the intervenors, the general
20 public, the applicant, and then again the local,
21 state and federal agencies.

22 My apologies to the City of Avenal, I
23 forgot to put you up there, so excuse me. But
24 locally we will be working with the City, Kings
25 County, San Joaquin Valley Air Pollution Control

1 District, and Kern County Water Agency.

2 At the state level some of the key
3 agencies that we work with are the Central Valley
4 Regional Water Quality Control Board, the Air
5 Resources Board and the California Department of
6 Fish and Game.

7 At the federal level we have Fish and
8 Wildlife and the U.S. Environmental Protection
9 Agency.

10 The last phase of our process, what we
11 call evidentiary hearings and decision. As has
12 been stated, people present evidence to the
13 Commissioners. The Committee, so again Chairman
14 Keese, and then Commissioner Moore, who is the
15 Second Member, will be presiding over the
16 hearings.

17 And we'll present information on
18 environmental impacts, health, engineering and et
19 cetera. Again, we'll recommend conditions of
20 certification, and whether or not to approve the
21 project. The full Commission, that means all five
22 Commissioners, will take a vote on their
23 decision. And, again, here's the picture view
24 of what I just said.

25 So, Roberta's covered most of our public

1 process, but I want to repeat a few key things.
2 By law we are required to issue public notice for
3 all workshops, Committee meetings, and hearings
4 that we do. And we do that in 10 to 14 days
5 public notice.

6 The documents are available in the
7 libraries that have been mentioned. I especially
8 want to emphasize our website. Mary and I work
9 very hard to make sure that our website is up to
10 date. And we try to get documents that staff has
11 produced up there as quickly as possible.

12 As of this time all three products that
13 staff has produced, that's the data adequacy
14 determination, the issues report and the first set
15 of data requests are all on our website. And we
16 did bring paper copies of the issues report and
17 first data requests, and those are on the back
18 table there for your convenience.

19 So you can submit written comments or
20 statement; oral comments at meetings like this.
21 You can become a formal intervenor, and then you
22 can provide written comments on our preliminary
23 and final staff assessments.

24 Here's contact information. Again, feel
25 free to email me or telephone. Here's Cheryl's

1 email and telephone, and Roberta's, as well. And
2 then Bob Cochran has done a very good job of being
3 available as well on behalf of Duke. And there is
4 his information.

5 At this time I'd like to present our
6 issues report. The purpose of the report --

7 PRESIDING MEMBER KEESE: Just before you
8 do -- may I ask one quick question.

9 MR. MCKINNEY: Please.

10 PRESIDING MEMBER KEESE: I trust that
11 Western just was a glitch that slipped in there
12 from an old slide?

13 MR. MCKINNEY: Yes, that's true.

14 PRESIDING MEMBER KEESE: Thank you.

15 MR. MCKINNEY: Thanks for correcting
16 that.

17 One of the first products that we
18 produce for the Commission is the issues
19 identification report. And this is to identify
20 very early in the process any issues that might
21 have an impact on schedule; might have an impact
22 on the applicant's ability to comply with LORS;
23 may be contentious or that may be difficult to
24 mitigate.

25 Staff have identified potential issues

1 in two subject areas. These are air quality --
2 there are two parts to that. The first is that
3 based on our preliminary analysis we find that
4 BACT levels for NOx and carbon dioxide are not
5 what they could be. And the application, as
6 currently proposed, does not meet standards that
7 other power plants have met that are similar to
8 this.

9 We also find that there are not enough
10 ERCs, or emission reduction credits that have been
11 submitted to us to date. So those are two issues
12 for air.

13 For soil and water we've identified two
14 potential issues with the use of water resources.
15 The first is the series of approvals required for
16 the use of inland surface water for water cooling
17 purposes. And then second is a series of
18 questions around groundwater use as a backup
19 cooling water source for this power plant.

20 This is staff's proposed schedule for
21 this 12-month process. As you can see, it will
22 terminate mid December with the final decision
23 from the Energy Commission.

24 Just to highlight a couple of
25 milestones, so here we are January 28th. So, on

1 the 25th, as I said, staff had filed the first set
2 of data requests. Other key dates coming up are
3 mid May for our preliminary staff assessment. And
4 mid July for final staff assessment.

5 And that concludes my presentation.

6 HEARING OFFICER TOMPKIN: Thank you, Mr.
7 McKinney. I don't know if maybe you want to go
8 ahead and move into the scheduling portion, or --
9 just a moment --

10 (Pause.)

11 PRESIDING MEMBER KEESE: On scheduling,
12 I think it seems to me unless either the applicant
13 or the staff objects, there's a great deal of
14 similarity between the two proposals. They're
15 very minor differences between the two proposals.
16 It doesn't seem to me that it's worth discussing
17 much. We'll take it under submission and we'll
18 come up with a schedule. Is that --

19 MR. McKINNEY: The only comment I'd like
20 to make is that it appears that with Duke's
21 proposed schedule, staff would lose about five
22 working days between the PSA and FSA. Given
23 staff's workload with other siting cases at this
24 time, I would like to advise you that may --

25 PRESIDING MEMBER KEESE: Okay, thank

1 you. Take that into consideration.

2 MS. LUCKHARDT: Yeah, the only -- I
3 think the big difference was we looked at actual
4 scheduled business meetings, and the final one in
5 December was actually scheduled on the 11th. And
6 we wanted to make sure that we hit that business
7 meeting in December '02.

8 MS. DeCARLO: And we don't have a
9 problem with that as long as staff is able to have
10 their time to finish their staff assessment.

11 PRESIDING MEMBER KEESE: Recognizing
12 that the complexity of this case is somewhat lower
13 than some of the other cases, --

14 (Laughter.)

15 MS. DeCARLO: At this point, though.

16 PRESIDING MEMBER KEESE: And it seems --

17 MS. DeCARLO: You never know what's
18 going to pop up.

19 PRESIDING MEMBER KEESE: -- seems to be,
20 it seems to be, from both staff and the
21 applicants, I think we should be able to paint 12
22 months on this one pretty easily.

23 Why don't we take up the two issues?

24 HEARING OFFICER TOMPKIN: Well, I simply
25 wanted to make inquiry of both staff and applicant

1 what impacts they felt that the issues, the air
2 quality issue and the soil and water resources
3 issue might potentially have on the schedule.

4 MS. DeCARLO: Air quality shouldn't be a
5 problem. The BACT issue is encountered by other
6 projects, as well. So it will probably be fleshed
7 out by those projects prior to being encountered
8 for this project.

9 Water supply might be a potentially more
10 complicated issue. Hopefully 12 months will be
11 enough to sort that out, but it is a little bit
12 more complicated. And at this point I don't know
13 that we can say what effect it will have on the
14 schedule.

15 PRESIDING MEMBER KEESE: You're speaking
16 of the more generic issues of just not whether
17 they have the rights, which we heard, but whether
18 state law or state practice allows the use of
19 those rights for this purpose, is that what
20 you're --

21 MS. DeCARLO: I'm not so sure it's a
22 matter of water rights at this point. We're
23 trying to figure out just where the water's coming
24 from. CEQA documentation for the water transfers
25 and all that. We're still trying to get a

1 preliminary idea of how the water is going to
2 work.

3 PRESIDING MEMBER KEESE: All right,
4 thank you.

5 MS. LUCKHARDT: We don't see either of
6 those issues as potential hits on the schedule.
7 We see plenty of time to resolve and obtain
8 outstanding offsets, and to address BACT concerns
9 expressed by staff.

10 We also have a -- we feel very strongly
11 about the water that we've obtained as a supply
12 for this project; and feel that with further
13 interaction with staff, that they will have a
14 better idea and be more comfortable with the
15 supply.

16 PRESIDING MEMBER KEESE: Okay, I'm going
17 to just ask, since most of the parties that you
18 heard here understand what we're talking about
19 when we're talking about BACT.

20 Would staff explain for the audience
21 briefly, in about one or two minutes, what the
22 issue is here. Why the AFC might be called into
23 question.

24 MS. DeCARLO: Sure. Our technical
25 analyst, Will Walters, will be able to speak to

1 that issue.

2 PRESIDING MEMBER KEESE: We'll try to do
3 this in layman's language.

4 (Laughter.)

5 MR. WALTERS: I'm Will Walters; I work
6 with Aspen Environmental Group, the main
7 contractor with the CEC for siting.

8 The basic issue here is that USEPA has
9 found that BACT is 2 ppm for NOx on a one-hour
10 average; 2 ppm for CO on a three-hour average.
11 And right now the applicant is proposing a 2.5 ppm
12 for NOx, and I believe a 6 ppm for CO.

13 PRESIDING MEMBER KEESE: And basically
14 the standards you've just mentioned that the
15 applicant, are standards that have been applied in
16 the past in California. And --

17 MR. WALTERS: And are --

18 PRESIDING MEMBER KEESE: -- the
19 Environmental Protection Agency is suggesting a
20 cleaner -- a lower amount of emissions may be
21 required?

22 MR. WILLIAMS: Correct. In fact, there
23 are other cases in other areas of the nation, as
24 well as in California, where that standard is
25 being applied.

1 MR. O'BRIEN: And for the benefit of the
2 audience, BACT stands for, and ppm stands for?

3 MR. WILLIAMS: BACT is best available
4 control technology; ppm is parts per million in
5 the emissions.

6 PRESIDING MEMBER KEESE: Anybody have
7 any questions in the audience? We're going to
8 take comments later, but do you understand what we
9 just heard?

10 The limits of emissions from power
11 plants are in a state of flux. And we don't know
12 how far they've come down, but the federal
13 government tells us. And so the applicant has
14 filed based on what the federal government used to
15 say, and the staff is saying it might be something
16 different. We're going to work it out in this
17 case before we're done. Thank you.

18 We have one more question.

19 MR. O'BRIEN: I have another question
20 for staff, in terms of clarification. Is a point
21 of issue here the level of offsets required by the
22 San Joaquin Valley Air Pollution Control District?
23 And I'd also have the same question for the
24 applicant.

25 Because in the staff's discussion on

1 issues in the case, under air quality it's noted
2 that the package of offsets proposed in the
3 application for certification falls short of those
4 required by the regulations of the Air District.

5 So I'd like a comment on that from the
6 staff and the applicant.

7 MR. WILLIAMS: The current offset
8 package is not sufficient to meet the local
9 requirements for the District, as well as
10 potentially meeting some additional CEQA
11 requirements that we may have for specifically one
12 issue may be SO2 emissions, which may not be
13 required to be offset by the District. But the
14 staff may consider a reasonable requirement for
15 CEQA compliance for PM10, secondary formation.

16 And essentially while we identify this
17 as an issue, this issue has been coming up on case
18 after case after case. And since we don't know
19 what they're going to identify as their offsets,
20 if they're nontraditional ERC methods, for
21 example, it may take a long time for those to be
22 approved either locally or by us. Whether they
23 decide to do road paving or any other
24 nontraditional items.

25 So since this is an issue that when we

1 haven't seen the offsets at the beginning of the
2 case, it has held up a great number of cases we
3 consider it a significant issue, and potentially
4 one that could affect the schedule.

5 PRESIDING MEMBER KEESE: Anything to add
6 to that?

7 MR. SEEDALL: Well, I might just mention
8 we're working on -- we did not have all the
9 offsets that we calculated we would need before we
10 filed. We had some, and we've, since we filed,
11 acquired some more. And we're in active
12 discussions to acquire the rest.

13 And I guess whatever new standards we
14 learn about we'll try to get that, too, as soon as
15 we know precisely the need. But we have kind of a
16 base number we're working towards that we thought
17 we needed, and we think we'll be successful having
18 those well before the case is over.

19 PRESIDING MEMBER KEESE: Okay. Thank
20 you.

21 All right, I think, unless either --
22 staff, do you want to respond to the applicant, or
23 applicant to the staff? Or are we pretty well
24 presented?

25 Can we have the intervenor, any comment?

1 MS. STANFIELD: Not really.

2 PRESIDING MEMBER KEESE: No comment from
3 the intervenor.

4 Any of the agencies that commented
5 earlier who would care to make a comment regarding
6 anything they've heard, or ask questions?

7 Any members of the public have any
8 questions of either of the parties?

9 Anybody want to say anything at this
10 point?

11 (Laughter.)

12 PRESIDING MEMBER KEESE: We have a few
13 people who did. Jim, your name happens to be on
14 the top of this list, so come forward.

15 MR. DOUGHTY: Probably everybody's
16 wondering why on earth would a city want to have a
17 power plant built in their city. And, of course,
18 the socioeconomic value is obviously there.

19 But why would the whole city be behind
20 it? And the interesting thing is I actually
21 called and asked different ones to come and make
22 comments. Some were shy, but some said okay. And
23 I said, well, you know, hopefully they'll be
24 positive. And they said is there anything not
25 positive about it.

1 In other words, they said I can't see
2 anything negative about the project. So everybody
3 in the City, from what we've gathered and what
4 we've heard, is basically positive and really
5 wants the project.

6 And the advantage is maybe there
7 wouldn't be, if you forget about any money coming
8 in from property tax or what-have-you, but still
9 the value of having the ability to create more
10 jobs in the community -- and this project's only
11 going to bring, say 30 jobs, as we heard from the
12 applicant -- but the aspect of other jobs because
13 we have inexpensive power available and other
14 development that occurs besides that.

15 In Kings County, the County of Kings
16 lost almost 1000 high-paying jobs out of our
17 County. Well, we're a small County. A thousand
18 jobs is very damaging to the County, as a whole,
19 economically. Whereas maybe in the Bay Area or
20 the L.A. area 1000 jobs, you wouldn't even think
21 about 1000 jobs. That's nothing, you know, but
22 here it really means something. And these were
23 high scale jobs. One was a tire manufacturer that
24 people were making around \$30 an hour. And
25 several jobs like that.

1 So, economically we need this project.
2 The City feels that it's valuable for the City,
3 and there are many benefits the City will receive
4 from it. Besides the fact that we've looked quite
5 a bit into Duke, and no matter what anybody says
6 against them or whatever, they are good neighbors.
7 They're a good company. They really support the
8 communities that they're in. And we really
9 believe that, and we know that that's a fact. And
10 they're really a good company in that regard and
11 we really believe that and feel that way.

12 And so on behalf of the whole staff of
13 the City of Avenal, I know the City Manager's
14 planning on saying something, but on behalf of the
15 whole staff of the City of Avenal, and, like the
16 Mayor said on behalf of the City, we really need
17 this project and are looking forward to it.

18 And if you can speed up the review
19 process that would be fine with us.

20 (Laughter.)

21 PRESIDING MEMBER KEESE: Thank you.
22 It's something that we would like to do, too. We
23 do have structural requirements that we have to
24 follow. We have processes. The Energy Commission
25 has been successful, that no project we've ever

1 approved has been turned over. We intend to keep
2 it that way.

3 So we will, in some respects, perhaps,
4 seem to be doing a little more than we need to.

5 I'll call on Cheryl Taylor. Did you
6 wish to make a comment?

7 MS. TAYLOR: Sure. I'm not too good at
8 speaking in front of people, but I really felt
9 that this was something that needed to be said.
10 That I wanted you to know that people that have
11 called me, as I have a local newspaper, that the
12 town is really behind the project. And they're
13 really looking forward to having Duke Energy in
14 our backyard.

15 And I think it would be good for Avenal
16 and help it prosper. Thank you.

17 PRESIDING MEMBER KEESE: Thank you. And
18 I have comments from -- excuse me for the names,
19 but Norlene Chastine and Donna Curty that
20 indicated strong support for this also.

21 And, Melissa, would you care to say
22 anything? Feel free. The City Manager of Avenal,
23 in support of this generally.

24 MS. WHITTEN: I need something to stead
25 me at this point. What a momentous event this is

1 tonight for our community, and to have people from
2 the state, people from Duke and Duke/Fluor Daniel,
3 TRC, and certainly our community and visitors to
4 our community.

5 I never attended so many meetings in my
6 life --

7 (Laughter.)

8 MS. WHITTEN: -- before the past year,
9 but it has been a true delight to work with the
10 professionals, with Duke. We feel very honored
11 that Duke was interested in our community.

12 And for those that don't know, I always
13 have to throw this is, this is my hometown, this
14 is where I grew up. And to have an organization,
15 an agency that is looking at Avenal, believe me,
16 it almost blew me away when Jim approached me the
17 first week he was hired. He said, "Mel, what do
18 you think if I call energy companies, see if
19 they're interested in the community?" Yeah,
20 right, okay, yeah, go ahead. "Mel, I made the
21 call; they want to meet with us." Yeah, sure,
22 right, yeah.

23 And then about a month later they were.
24 So, to be where we are tonight it's fantastic,
25 it's almost a miracle. And those are my feelings

1 and I put those aside.

2 This project benefits not only Avenal,
3 but it meets a need within the entire State of
4 California. We all benefit from it. Certainly we
5 understand the benefits to our community, but it's
6 much farther reaching than that.

7 One thing that hasn't been brought up,
8 and maybe some of you know, again, Jim called
9 Duke. Duke did not call the City of Avenal. And
10 I think that in itself shows that there's great
11 support.

12 We believe in this project. We are
13 behind this project, if I may speak for my
14 Council, 300 percent. We can't wait to see the
15 dirt turn out there.

16 Working with the staff has been
17 wonderful. And we've always had our staff
18 available to meet with Duke. And any comments
19 that I've received from the community have all
20 been positive. Maybe they don't dare say that
21 there's a problem, but I think people are really
22 excited about it. To have a company of Duke's
23 stature to be interested in the City of Avenal.

24 Thank you.

25 PRESIDING MEMBER KEESE: Thank you. And

1 we have a final question for Duke. Darlene, I'm
2 going to try to adjust this to your question. So,
3 get ready, guys.

4 How much money do you have invested in
5 Enron?

6 (Laughter.)

7 PRESIDING MEMBER KEESE: The questioner
8 indicates that there are five energy companies
9 that are significantly invested in Enron and might
10 take a hit. The question is are you in a similar
11 situation.

12 MR. SEEDALL: We should mention Duke
13 Energy, in addition to building the power plant,
14 we also market the power, sell the power out of
15 the power plants. And one of the -- and buy
16 power, as well, in a company called Duke Energy
17 Trading and Marketing, it's a marketing company.
18 We're part of Duke Energy North America.

19 And the trading and marketing company
20 had sells to Enron and buys from Enron. And as I
21 understand it, while that's all being worked out,
22 the company's taken roughly a, I think roughly a
23 \$100 million reserve in the event that all those
24 transactions don't, I guess, materialize or
25 something that goes wrong due to the bankruptcy of

1 Enron.

2 So our exposure is limited, and we've
3 already accounted for it. So, I don't think
4 there'll be any large adverse effects to Duke
5 Energy from the collapse of Enron.

6 PRESIDING MEMBER KEESE: Thank you. As
7 you see, you ask the question you'll get an
8 answer.

9 (Laughter.)

10 PRESIDING MEMBER KEESE: That's the last
11 question I have. And unless anybody up here has
12 questions -- anybody in the audience? Come
13 forward, please.

14 MR. MISNER: I'm George Misner, I'm the
15 County Assessor. Several people brought up the
16 mention of taxes here today, the gentleman from
17 Duke said they're going to pay \$3 million in taxes
18 or something. And the City talked about the
19 amount of taxes they're going to get.

20 Well, what I'd like to talk about is
21 everybody's talking about a moving target. That
22 when this project was first proposed in the City
23 it would have been a City tax, and the City tax
24 rate in Avenal is a little over 2 percent.

25 In November the State Board of

1 Equalization changed the rules. That any power
2 plant over 50 megawatts will be assessed by the
3 State Board of Equalization and placed on the
4 utility roll.

5 The utility roll tax rate in Kings
6 County is less than 1 percent, about .98 percent.
7 So Duke's already got a 50 percent tax break.

8 But the difference on the utility roll
9 is it's distributed across the entire County, not
10 just the City. So the portion that ends up in the
11 City of Avenal is a minor portion, it's whatever
12 share they get out of the utility tax from the
13 entire County.

14 The County, on the other hand, would
15 really like to see the City of Avenal benefit from
16 this project. The County's behind the project and
17 would like to see the benefit go to the City.

18 There is some legislation sitting out
19 there now that's just been proposed. It's AB-91
20 by Migden, which is going to let these particular
21 kind of projects on the utility roll be treated as
22 a local project, and go back to the city.

23 But that Assembly bill, of course, has
24 to make it through and pass before that happens.
25 As it stands right now, the tax benefit from this

1 is really minimal to the City. But, you know,
2 everybody would like to see that change, and to
3 the benefit of the City.

4 Thank you.

5 PRESIDING MEMBER KEESE: Thank you. Any
6 other comments?

7 Hearing none, this meeting is adjourned.
8 Thank you all for coming.

9 (Whereupon, at 6:25 p.m., the hearing
10 was concluded.)

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CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter,
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Energy Commission Hearing; that it was thereafter
transcribed into typewriting.

I further certify that I am not of
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IN WITNESS WHEREOF, I have hereunto set
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